

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

September 27, 2007

A monthly meeting of the Board of Directors of the Small Business Loan Fund Corporation was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on September 27, 2007 at approximately 9:33 a.m.

Present were Board Members: Raymond Fogarty (Chair), Edward Rendine and William Parsons. Absent was Richard DeMerchant and Maurice Paridis. Also present were: Michael Saul, Earl Queenan, Anthony Scolavino, Claudine Tikoian, Alicia Pomfret, staff, along with Thomas V. Moses, Legal Counsel and Kevin Madigan of the Senate Fiscal Office.

Mr. Fogarty called the meeting to order at 9:33 a.m.

Adoption of Minutes

The first item to come before the Board was consideration for adoption of the Minutes from the Board Meeting held on August 30,

2007. Mr. Parsons made a motion to approve the Public and Executive Session Minutes and Mr. Rendine seconded the motion, which was unanimously passed.

Executive Minutes

The second item to come before the Board was the consideration of maintaining the Executive Session Minutes of the August 30, 2007 meeting as confidential. Mr. Rendine made a motion, Mr. Parsons seconded, and the motion passed unanimously.

Cash Position / Portfolio Activity / Watch List / Forbearance Status Reports as of August 31, 2007

Mr. Scolavino presented the Reports of Cash Position, Portfolio Activity, Watch List and Forbearance Status as of August 31, 2007. Mr. Rendine commented that he had read an article in the news paper concerning the Receivership of Davin, Inc. Mr. Scolavino responded with a verbal report on the status of Davin, Inc. Mr. Queenan informed the Board that Nutfield Technology, Inc. was sold. He reported that there is a potential payoff pending on New England Environmental Services, Inc. Mr. Scolavino added that the payoff could happen within the next 30 days, and the creditors will be paid off.

Mr. Rendine questioned the status of Crest Surfaces. Mr. Scolavino reported that the loan is a workout matter. This loan was approved under the Flood Loan program. Demand has been made on the

company by the SBLFC.

Mr. Moses verbally updated the Board on the status of Narragansett Pellet. In follow up to Mr. Fogarty's request at the prior meeting, Ms. Tikoian handed out a Comparison Sheet of United States Economic Development Administration Revolving Loan Fund Programs in the New England States. She reviewed the Comparisons and discussed her findings with the Board. Mr. Saul discussed the future of the fund's lending, that the fund should be considering innovation related loans and that the fund should be aligned with the strategies of the Rhode Island Economic Development Corporation. Mr. Rendine suggested the development of a risk matrix for the fund.

EXECUTIVE SESSION

At 10:15 a.m. Mr. Parsons made a motion to move the next portion of the meeting into Executive Session pursuant to the Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of RI 1956 (1988 Reenactment), as amended. Mr. Rendine seconded the motion, which passed unanimously. Mr. Madigan exited the meeting.

Upon a motion made by Mr. Parsons and seconded by Mr. Rendine, the Board unanimously voted to return to Public Session at 10:50 a.m. Mr. Madigan returned to the meeting.

Executive Session Vote Ratification

The next item to come before the Board was the ratification of the

Executive Session Vote on behalf of E.B. Thomsen, Inc. to approve a \$250, 000 Loan Request, subject to the conditions contained in the Executive Session Minutes of the Meeting.

Mr. Parsons made a motion to ratify the aforementioned votes, Mr. Rendine seconded the motion, and the motion was passed unanimously.

Upon a motion made by Mr. Parsons, and seconded by Mr. Rendine, the Board unanimously voted to adjourn. The meeting concluded at 10:51 a.m.

Respectfully submitted,

Earl F. Queenan, Jr.

Director of Accounting & Finance